

# 2013



**MISSOURI  
ECONOMIC  
REPORT**

# Introduction

*Missouri is still slowly but surely recovering.*

The past three years have been marked by improvement in both the U.S. and Missouri economies, and labor market improvements have been slow and steady. Other economic indicators such as Gross Domestic Product, industrial production, and wage all confirm this gradual climb out of the hole the recession made. Wage and employment growth in the U.S. has outpaced most regions in the state.

Although there were ups and downs within the recession, it is widely accepted that it began in December 2007 and ended in June 2009. During that time, the U.S. saw a decrease of more than 7 million jobs, while Missouri saw a decrease of more than 100,000 during the same time period. Missouri has currently added over half of all jobs back that were lost during the recession, more than 63,000 jobs, since its lowest point in January 2010.

Most sectors of the Missouri economy have seen increases over the past year. *Leisure & hospitality* and *trade, transportation, and utilities* employment increased the most over the year, 14,800 and 12,000 respectively. *Educational and health services* and *construction* employment also increased significantly by 5,400 and 4,900, respectively, from June 2012 to June 2013. The industries that seen lower employment were *mining and logging* and *information*. With most of the sectors showing employment increases, it bodes well for Missouri's continued economic recovery efforts.

After sharp increases in U.S. unemployment during the recession and a peak rate of 10.1 percent in October 2009, rates began to stabilize in late 2009 and have been slowly receding to its current point. Missouri's rate reached 9.7 percent in a four-month period from July to October 2009 and has subsequently edged downward. Currently, the unemployment rate in Missouri is 6.9 percent compared to the 7.6 percent national unemployment rate. Missouri's unemployment rate have been lower than the U.S. rate for 47 consecutive months. Missouri downward trend of unemployment should continue due to improving economic conditions.

With all of the indicators pointing toward a continued slow but steady recovery, Missouri can look forward to new jobs, higher wages, and more production.

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# Highlights

Missouri's GDP totaled over \$258 billion in 2012 according to advance estimates, an increase in real dollars of 3.72% percent from 2011. Real GDP figures for both Missouri and the U.S. are now higher than pre-recession levels.

Currently, the unemployment rate in Missouri is 6.9 percent compared to the 7.6 percent national unemployment rate. Missouri's unemployment rate have been lower than the U.S. rate for 47 consecutive months.

Missouri has currently added more than half of all jobs back that were lost during the recession, 63,100 jobs, since its lowest point in January 2010.

In the U.S., employment has grown by a net 1,063,000 jobs in the six most recent months ending in June, while Missouri payrolls added a net 25,000 jobs in the same period.

Post-recession growth has been slow for most industries, yet the only sector to continue to grow even through the recession is health and educational services.

Fourth quarter 2012 data showed that there was continued growth for real personal income in Missouri and the U.S, from the same quarter last year. Furthermore, Missouri's rate of growth outperformed the U.S. Since, it's lowest point in the fourth quarter of 2009, Missouri's personal income has grown by 11 percent.

Industrial production was flat through 2007, and declined from 2008 through mid-2009 during the recession. However, industrial production has turned around, growing 17% since July 2009. Industrial production has increased at a faster rate than manufacturing employment because employers first alter the number of hours worked, then add temporary workers, and finally hire permanent workers to fulfill increased demand and output.

Since the lowest point of employment in June 2010, Missouri has added 9,500 manufacturing jobs. In the past year alone, Missouri has added 3,300 manufacturing jobs. On average, employment in manufacturing has been growing around 1% annually.

Missouri's Purchasing Managers Index (PMI) has been above the expansionary level for six consecutive months starting in January 2013. Since the end of the recession in June 2009, Missouri's PMI has been above the expansionary level 42 out of 49 months.



# Trends from 2007-2012

*A look back at the economic trends of 2007-2012.*

Understanding the current economy in context can benefit from a review of the past five years, which saw an economy go from a position of strength to a deep recession and now undergoing irregular, yet continued growth by late 2012.

The economy underwent a deep recession from 2008 to mid-2009, due to the subprime mortgage crisis and events relating to it. At the lowest point of the recession, GDP shrunk 8.9% in the 4<sup>th</sup> quarter 2008 and saw further losses of -5.3% and -0.3% in the next two quarters. Unemployment for three months, from October 2009 to December 2009, was above 10%. Finally, nonfarm payroll employment went from a pre-recession high of 138,056,000 in January 2008 to 129,320,000 in February 2010, a 6% loss.

The economy exited the recession in late 2009 and has made some strides to make up the losses of employment and GDP that occurred. Unemployment has continued to trend downward, yet there have been periods of small increases of the unemployment rate due to people reentering the workforce after the recession. GDP growth have steadily increased from 2009-2011, due to continued growth of the stock market and increased productivity.

Missouri, and the United States, has moved in positive directions on unemployment and Gross Domestic Product (GDP) growth. Missouri's unemployment is at lowest levels since October 2008 at 6.9% while the U.S. unemployment rate is at 7.6%, both from highs of 9.9% and 10.1% respectively. Total GDP is larger than it was before the recession, with U.S. GDP nearly \$14 trillion in chained 2005 dollars and Missouri's GDP nearly \$259 billion. These are either near or over prerecession GDP amounts.

Overall, the both the U.S. and Missouri economies have seen uneven growth in the last three years since the recession. Unemployment has been trending lower over the last two years from its highest point, but there have been slight increases in the rate during the same time showing that economic growth is still weak. GDP has seen decent growth overall due to increased productivity and a strong stock market.



# Gross Domestic Product

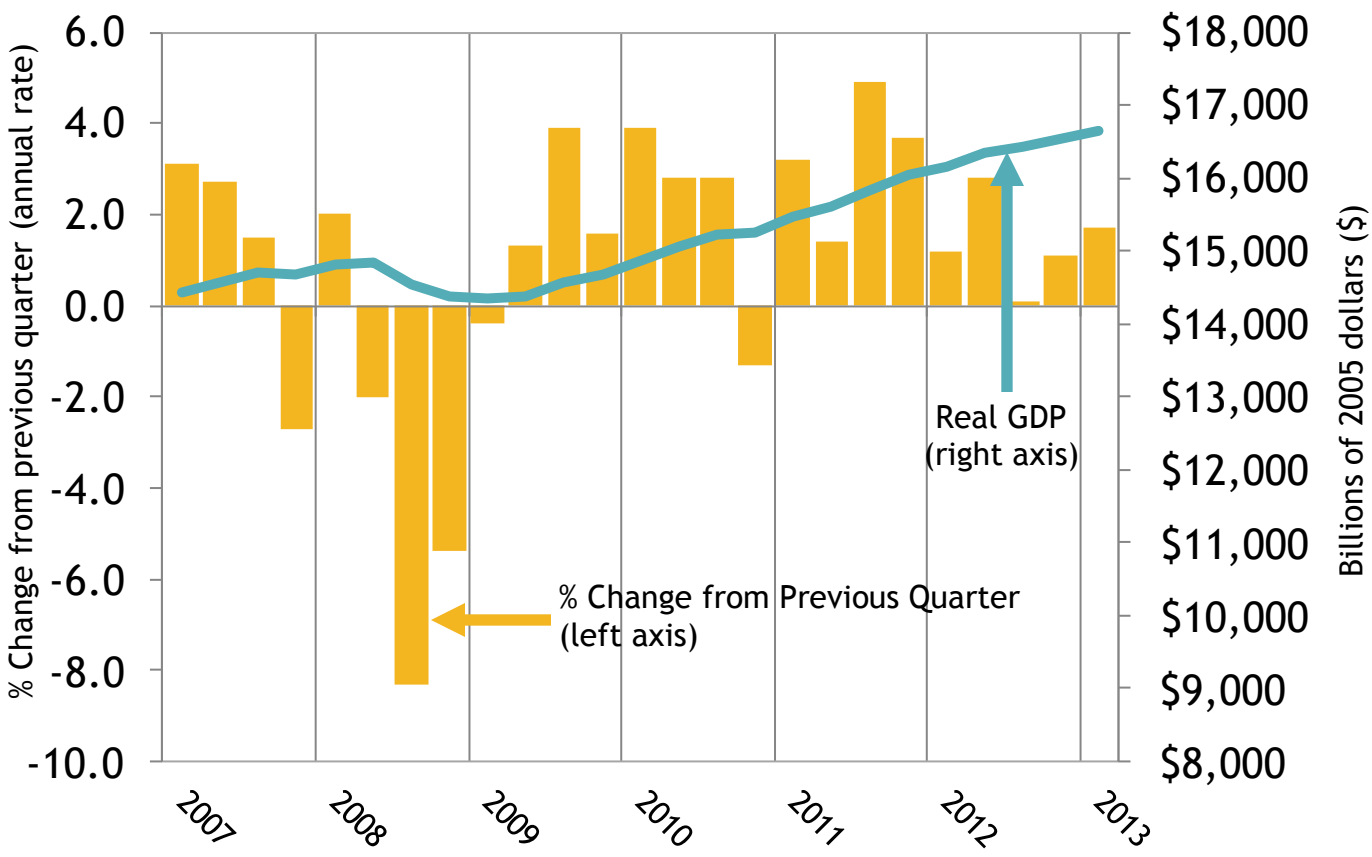
*Gross Domestic Product (GDP) is the broadest measure of economic conditions.*

## National

Gross Domestic Product (GDP) is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters. (There were recessions, however, in which these quarters were not consecutive: 1960-61 and 2001.)

U.S. GDP growth over the last eight quarters has been positive, but uneven. The lowest growth from quarter to quarter for GDP was from Q3 2012-Q4 2012 with only 0.1% growth. The rate of growth during this time has averaged 2.1 percent. According to 2<sup>nd</sup> Quarter 2013 estimates, GDP expanded by 1.7 percent from 1<sup>st</sup> Quarter 2013, an increase from the 1.1 percent growth between 4<sup>th</sup> Quarter 2012 and 1<sup>st</sup> Quarter 2013. As the economy continues to grow at an uneven pace, there will be continued, albeit uneven, GDP growth throughout 2013.

**Real U.S. Gross Domestic Product and Quarterly Change**



# Gross Domestic Product, con't.

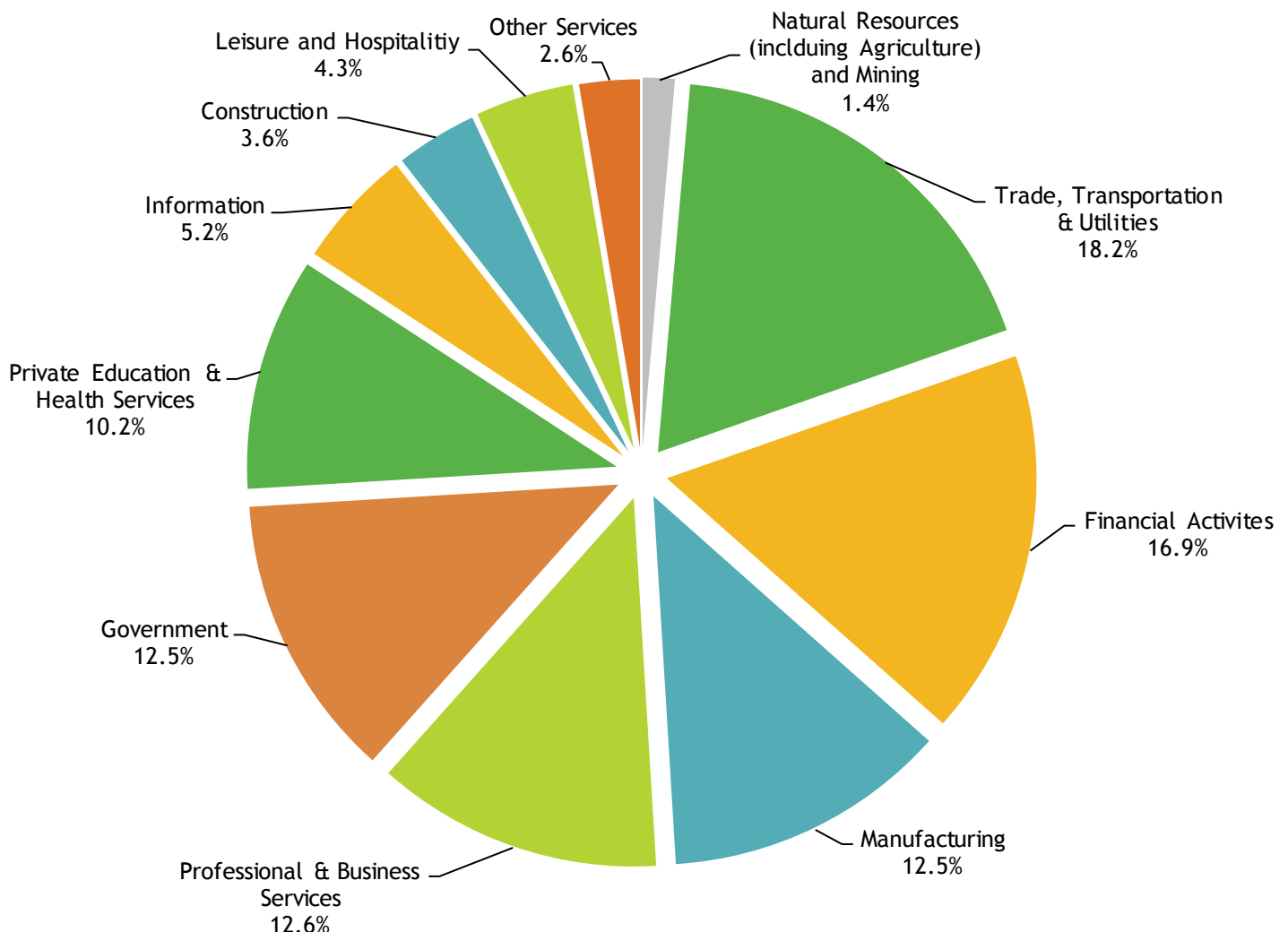
## Missouri

Missouri's economy typically follows a similar trend to that of the U.S. Availability of state GDP data lags behind national data, and state data is only available on an annual basis. As a result, it is not a good indicator of current economic conditions and does not fully reflect the recent changes in Missouri's economic climate. However, it is still valuable to understand what industries are the largest contributors to Missouri's economy.

Missouri's GDP totaled over \$258 billion in 2012 according to advance estimates, an increase in real dollars of 3.72% percent from 2011. The trade, transportation and utilities sector makes up the largest portion of Missouri's economic output, followed by financial activities, manufacturing, and professional and business services.

Since 2003, professional and business services and educational and health services have had the largest gain in share of the state's economic makeup, while manufacturing and financial activities have had the largest declines in share.

**Industry Share of Missouri's Economy**  
By Percentage of Gross Domestic Product, 2012



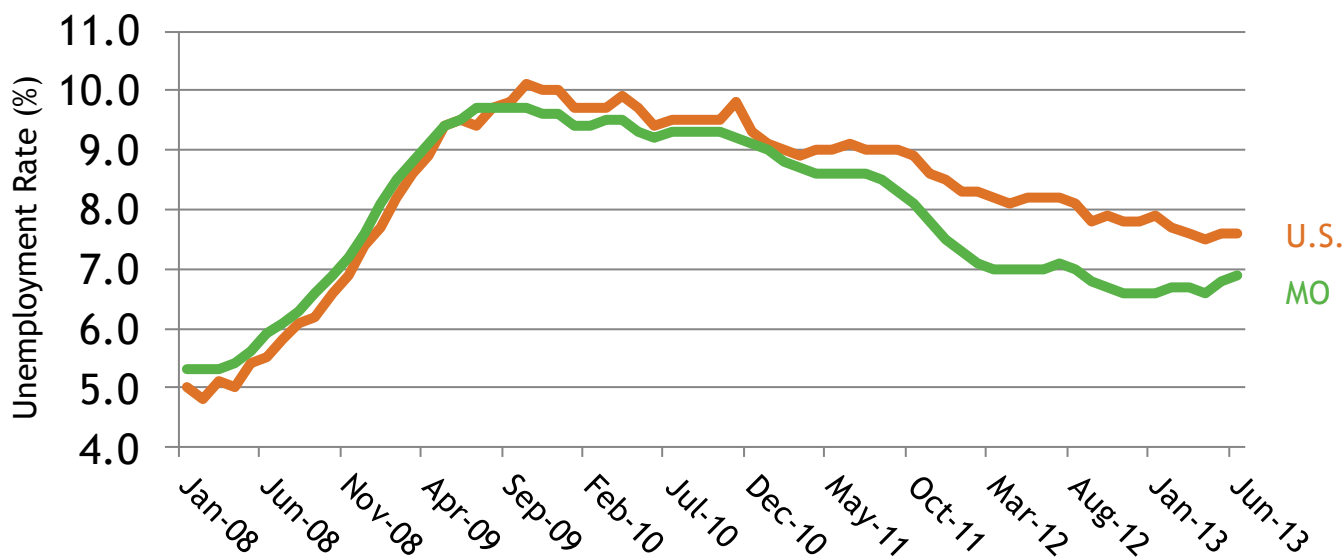


# Unemployment Rate

*The unemployment rate measures the percentage of people in the state who are without work.*

After sharp run-ups in unemployment in 2008 - 09 with a peak rate of 10.1 percent in October 2009, rates began to stabilize in late 2009 and have been slowly receding to its current point. Missouri's rate reached 9.7 percent in a four-month period from July to October 2009 and has subsequently edged downward. Missouri's unemployment rate has been lower than the U.S. rate for 47 consecutive months. Unemployment has continued to decline showing a slowly improving economy during this time period.

**U.S. and Missouri Seasonally Adjusted Unemployment Rate**  
January 2008–June 2013



## Understanding Unemployment Rates

The unemployment rate is calculated by dividing the estimated number of unemployed people in the state by the civilian labor force. The result expresses unemployment as a percentage of the labor force. Labor force and unemployment estimates for states come from a cooperative statistical program between the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the various states. MERIC is the BLS affiliate in Missouri. The inputs to these models include monthly state-specific data from the Current Population Survey (CPS - a nationwide survey of households), Current Employment Statistics program (CES - survey of employers), and claims data from the unemployment insurance system.





# Employment

*Payroll Employment measures the number of jobs in the state. The number of jobs and the industries that create those jobs are indicators of a state's economic health.*

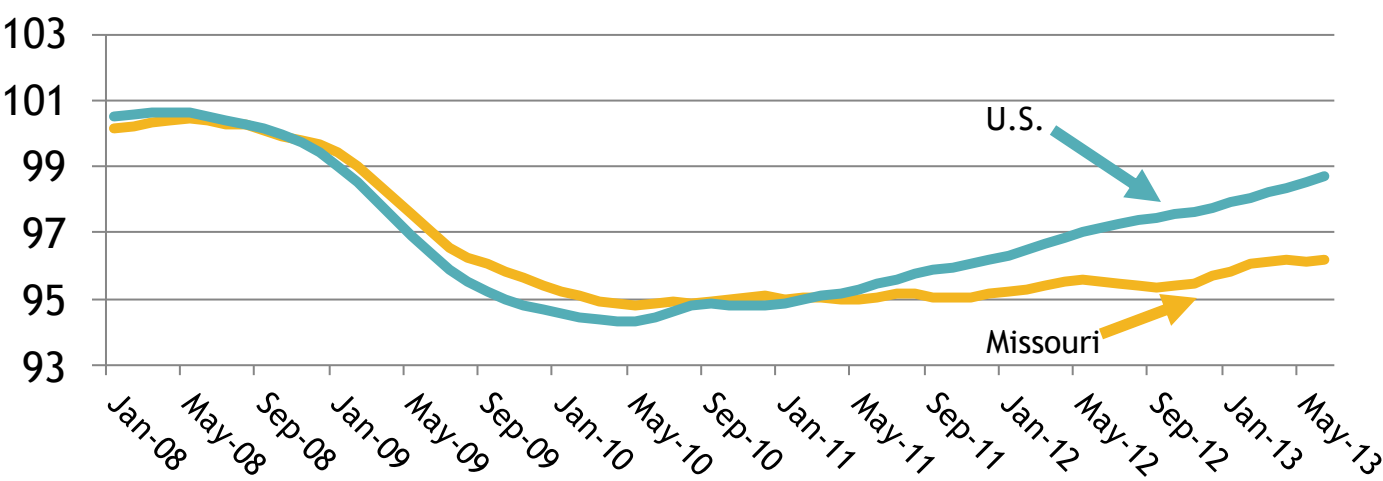
Nonfarm payroll employment measures the number of jobs in the state, and those jobs are important indicators of a state's economic health. Payroll employment is one of the most current and reliable indicators of economic conditions.

As the economy began to stabilize in the latter part of 2009, net job losses began to decrease mid-year and essentially ended by year-end. In the U.S., employment has grown by a net 1,063,000 jobs in the six most recent months ending in May, while Missouri payrolls added a net 25,000 jobs in the same time period. June saw increased employment; the U.S. and Missouri added 195,000 and 12,800 jobs respectively. It is not that unusual for employment growth to move irregularly from month to month. As in many economic measures, trends are usually better discerned by following developments over a period of several months.

U.S. and Missouri GDP has surpassed pre-recession levels in 2012 and while U.S. employment has surpassed indexed 2005 employment levels, Missouri is continuing to see uneven, but positive employment growth during the same period.

Regaining pre-recession levels of employment is still years away, but there has been employment growth at higher levels than a couple years ago. How has economic, or GDP, growth resumed without much employment growth? The answer lies mostly in productivity. But as easier productivity gains become exhausted as companies ramp up production to meet rising demand, employers will need to take other steps. First, hours of employment will be increased, then temporary workers added, and finally permanent workers hired.

**U.S. and Missouri Payroll Employment**  
Index: 2008 Annual Average = 100

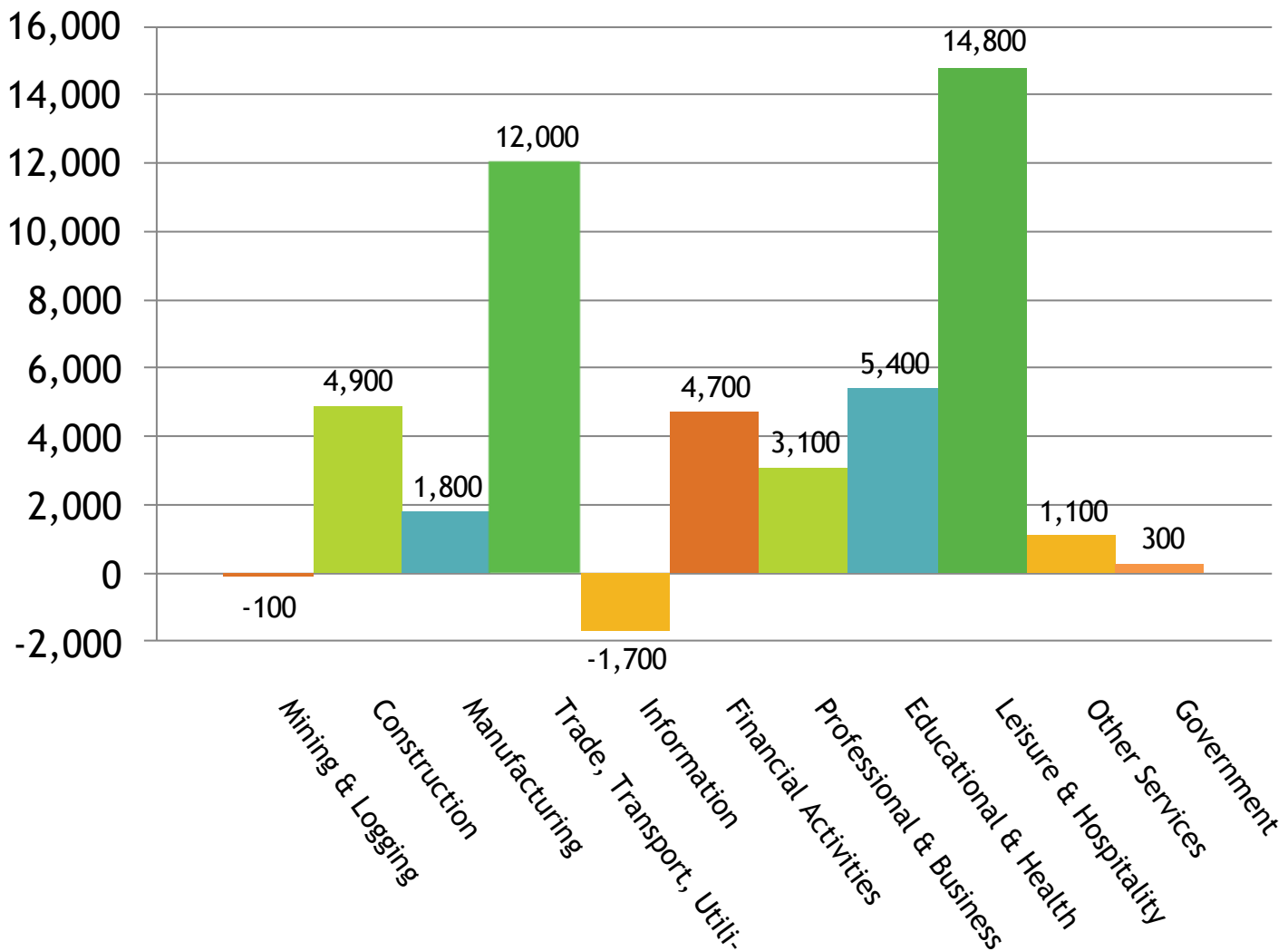


# Employment Change by Industry

Employment growth by industry identifies the types of jobs being created in the state. On the other side of the ledger, industries with decreasing trend employment indicate those which are becoming less present in the state's economy. There may also be industries which behave more cyclically, growing during expansion and decreasing in times of economic slowdown or contraction. These changes are crucial in that they help identify the types of jobs being lost by individuals. Anticipating what will happen in recovery helps identify whether those jobs will return or what types of new jobs will be created. Thus key information for planning re-employment, retraining, and other workforce and economic development programs is contained within these data.

Comparing June 2012 to June 2013, seven industry groupings have had employment increases in Missouri. *Leisure & hospitality* employment increased by 14,800, and the *trade, transportation, and utilities* industry is up 12,000 over the year. *Educational and health services* and *construction* employment also increased significantly by 5,400 and 4,900, respectively, from June 2012 to June 2013. The industries that had declining employment were *mining and logging* and *information*. With most of the sectors showing employment increases, it bodes well for Missouri's continued economic recovery efforts.

**Missouri Employment Change by Sector**  
June 2012 - June 2013



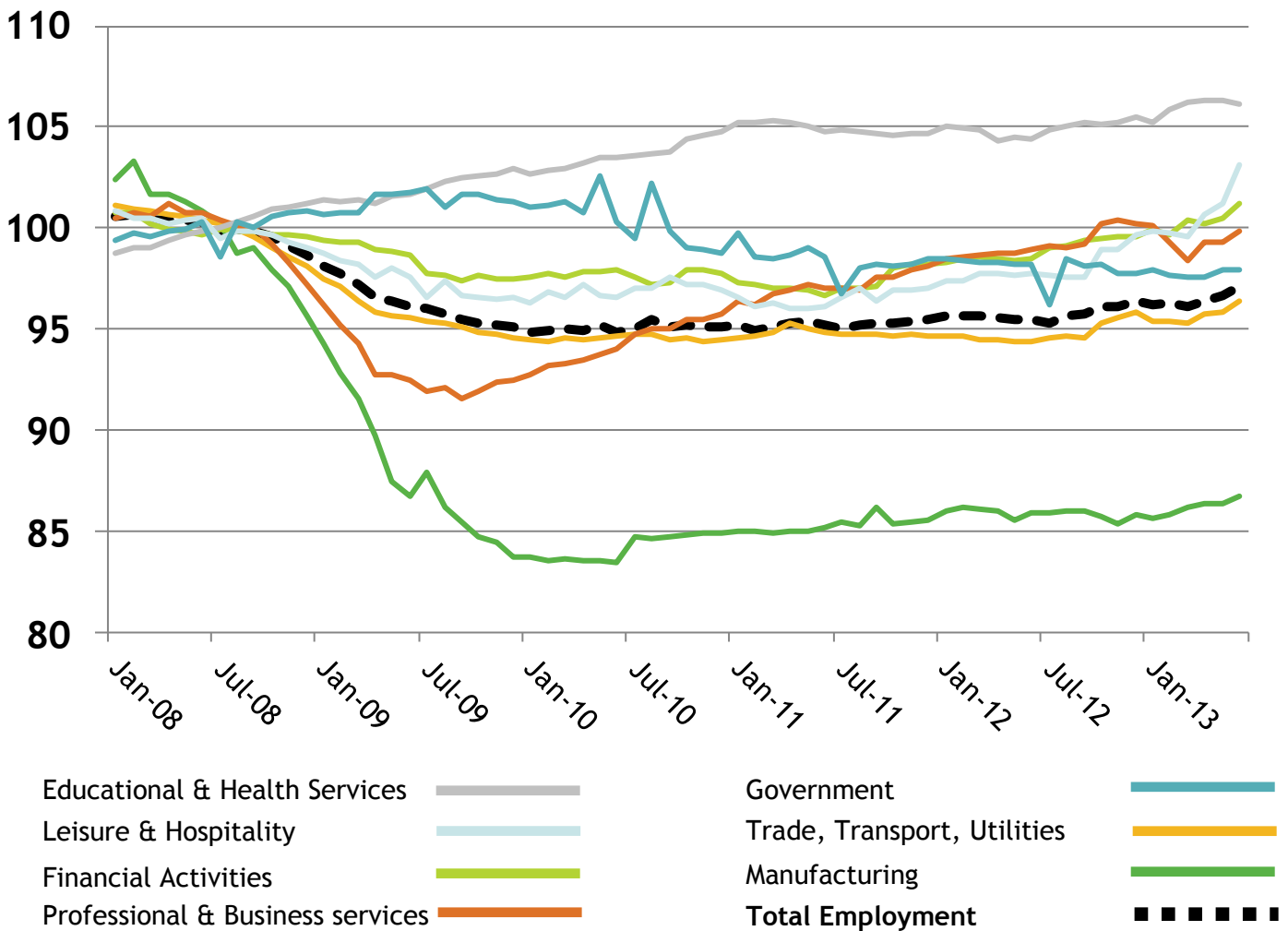
# Industry Employment Trends

Reviewing the trend of employment in industries reveals moderate to steady growth. Post-recession growth has been slow for most, yet the only industry to continue to grow even through the recession is health and educational services. The only large sector to decline is government, reflecting tighter budgets as a result of the recession.

Manufacturing employment was hit hardest by the recession, but there has been growth in the sector since mid-2010. Professional and technical services had the largest overall job growth out of any other industry.

Industries were affected by the recession at different times. The housing bubble and start of the national recession resulted in construction losses first, followed by trade, transportation and utilities and financial activities. In the same way, industries have recovered at different times. Professional and technical services was the first to show job growth, followed by manufacturing. The last sectors to recover were financial activities, trade, transportation, and utilities, and leisure and hospitality; whereas, government has yet to bounce back from the recession.

**Missouri Employment Trend in Largest Employing Sectors**  
Index: 2008 Annual Average = 100



# Labor Market Summary: June 2012—June 2013

*A summary of real time labor market analysis for the past year across the state.*

The total number of new job postings from June 2012 through June 2013 totaled 258,603 for the State. The industry with the most job postings was Hospitals, including employers such as Mercy Health System, Health Corporation of America, and Barnes Jewish Hospital. The top three occupations with the highest number of job postings were Registered Nurses, Sales Representatives, and Truck Drivers. More than two thirds (68%) of the job postings were permanent full-time positions. St. Louis, MO included the most job postings of all Missouri Metropolitan areas followed closely by Kansas City, MO.

## Missouri Top Industry Postings

INDUSTRIES WITH TOP POSTINGS	NUMBER OF JOB ADS
Hospitals	20,915
Banks	7,043
Insurance Companies	6,117
Colleges & Universities	5,974
Health Practitioner Offices	5,593
Employment Services	4,509
Computer Systems Design	4,261
Hotels & Other Accommodations	3,780
Restaurants, Limited Service	3,227
Management & Technical Consulting	3,217

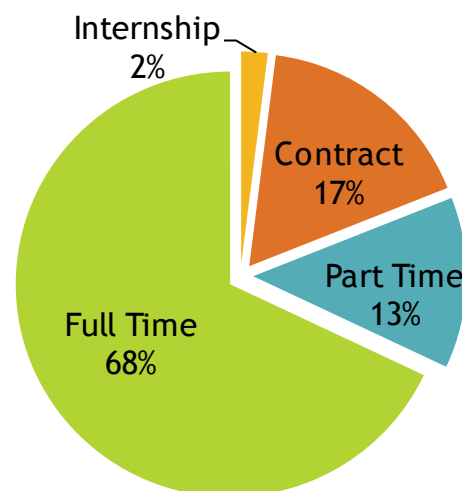
## Missouri Top Industry Postings

COMPANY
Mercy Health System
Hospital Corporation of America
Kindred Healthcare Incorporated
Monsanto
Barnes Jewish Hospital
U. S. Bancorp
Department of Veterans Affairs
Pizza Hut
Truman Medical Center
Express Scripts

## Missouri Cities With Most Job Postings

METROPOLITAN STATISTICAL AREA <sup>1</sup>	NUMBER OF JOB ADS
St. Louis, MO	98,531
Kansas City, MO	83,108
Springfield, MO	17,710
Columbia, MO	8,545
Joplin, MO	7,948
St. Joseph, MO	5,024
Jefferson City, MO	4,261

## Job Postings by Employment Type



<sup>1</sup> Metropolitan Statistical Area (MO Only)

# Labor Market Summary: June 2012–June 2013, con't

OCCUPATIONS	ONLINE JOB ADS
Sales Reps, Wholesale / Mfg	7,485
Retail Salespersons	6,696
Install, Maintenance & Repair Workers	5,055
Customer Service Representatives	4,388
Secretaries & Admin. Assistants	3,199
Laborers & Material Movers	2,757
Delivery Service Drivers	2,521
Computer User Support	2,183
Tellers	1,948
Janitors & Cleaners	1,858

OCCUPATIONS	ONLINE JOB ADS
Registered Nurses	8,839
Truck Drivers	6,764
Retail Sales Supervisors	5,440
General & Operations Managers	3,334
Licensed Practical Nurses	2,570
Food Prep & Serving Supervisors	2,540
Production & Operations Supervisors	1,988
Office Worker Supervisors	1,809
Nursing Assistants	1,788
Health Technologists, Techs	1,498

OCCUPATIONS	ONLINE JOB ADS
Software Developers, Applications	4,642
Computer Programmers	4,074
Computer Systems Analysts	3,807
Sales Managers	3,065
Physicians	2,847
Medical & Health Services Managers	2,675
Accountants	2,373
Info Tech Project Managers	2,279
Postsecondary Teachers	2,241
Human Resources Specialists	2,223

Occupations are typically classified as NOW, NEXT, and LATER depending on the training and education required.

NOW  
NEXT  
LATER

**NOW** occupations usually require less than one month (short-term) to no more than 12 months (moderate-term) of on-the-job training.

**NEXT** occupations usually require more than one year (long-term) on-the-job training and can additionally need specific work experience; generally requires an associate's degree or a substantial vocational education.

**LATER** occupations usually require a bachelor's degree and may need specific work experience; potentially some work experience or advanced degree required.

## Sources

Data for this analysis has been extracted using Burning Glass Technologies, Labor/Insight™ tool that collects information from over 17,000 web sources, including job boards, newspapers, large and small employer websites. Missouri Economic Research and Information Center (MERIC) uses this data to compile and publish reports for the State and Labor Market Regions.

While this analysis presents a broad picture of hiring activity and serves as a measure of labor demand, it does not capture openings that are filled through other networks.



# Personal Income

*Beyond employment and unemployment, income is another important measure of economic success.*

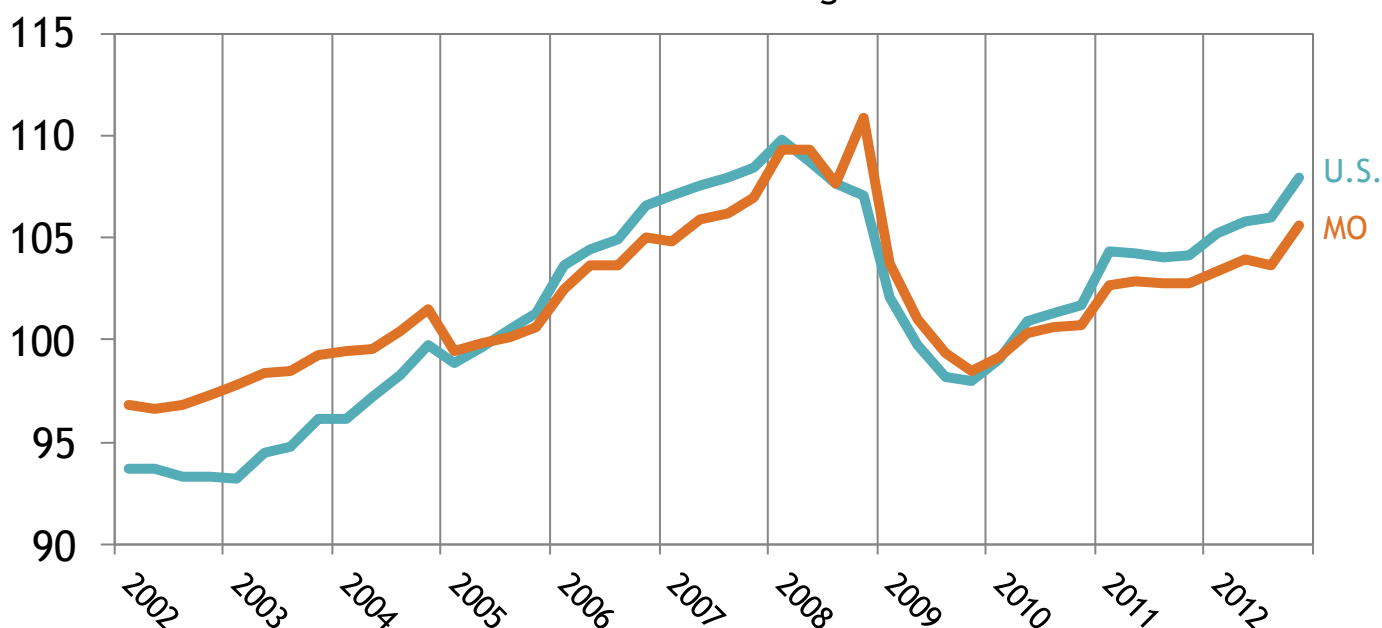
Personal income is a broad measure of economic activity and one for which relatively current data are available. Personal income includes earnings; property income such as dividends, interest, and rent; and transfer payments, such as retirement, unemployment insurance, and various other benefit payments. It is a measure of income that is available for spending and is seen as an indicator of the economic well-being of the residents of a state. Earnings and wages make up the largest portion of personal income.

Fourth quarter 2012 data showed that there was continued growth for real personal income in Missouri and the U.S, from the same quarter last year. Furthermore, Missouri's rate of growth outpaced the U.S. However, the majority of the gains in both areas came from transfer payments. Missouri's relatively good performance depended on an increase in farm income, a relatively volatile source of personal income.

To facilitate an analysis based on earnings and income changes, transfer payments have been removed from the chart below, a procedure sometimes used by business cycle analysts.

To show the vastly different levels of total personal income for the U.S. and Missouri on the same chart, these data have been converted to index numbers. This chart shows a comparison of Missouri and U.S. growth in real personal income, excluding transfer payments, with the year 2005 as the base year.

**Real Personal Income<sup>1</sup>**  
Index: 2005 Annual Average = 100



<sup>1</sup> Less transfer payments. 2005 dollars.



# Manufacturing and Industrial Vitality

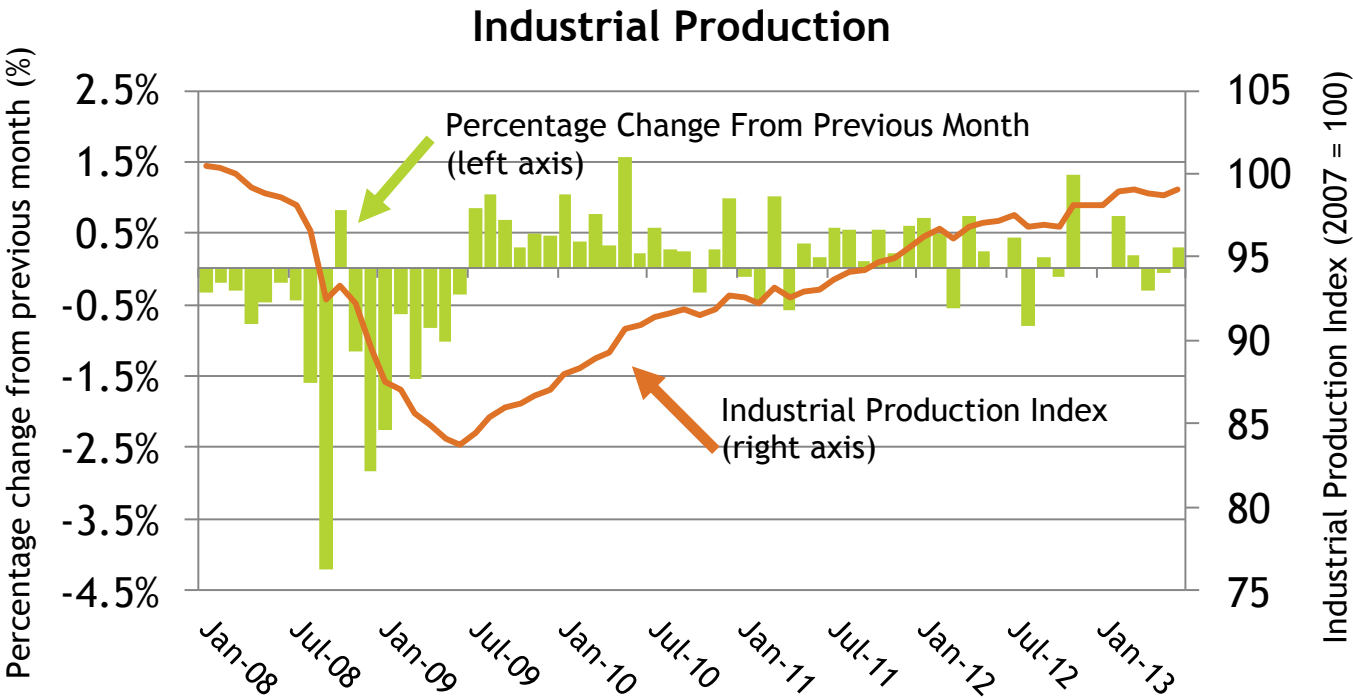
*Manufacturing and production are still important parts of both the US. And Missouri economies.*

Manufacturing and production are still important parts of both the U.S. and Missouri economies and were seriously affected by the recession. Signs of improvement in production and manufacturing are encouraging for economic recovery.

At one time, manufacturing made up 38 percent of the nation’s employment. However, manufacturing employment in the United States has been declining since 1979, as productivity, technology gains, and the transfer of manufacturing to locations outside the United States have reduced the demand for traditional manufacturing employment.

Industrial production in the U.S. is a measure closely linked to the strength of the manufacturing sector. As a whole, industrial production was growing from the beginning of 2002 to mid-2007. Industrial production was flat through 2007, and declined from 2008 through mid-2009. However, industrial production has turned around, growing 17% since July 2009.

Manufacturing employment should move somewhat consistently with industrial production, but there are some inconsistencies between increased production and rising employment. In particular, productivity gains have made it possible for manufacturers to increase output while holding employment constant or even shedding jobs. This was the case from mid-2009 to mid-2010 when industrial product increased, yet manufacturing employment remained flat.



# Manufacturing Employment

Following sharp manufacturing employment decreases in the 2001 recession and its aftermath, employment had stabilized in the middle of the 2000-2010 decade. Manufacturing employment turned down again as the recession of 2007 hit, and the past three years have been a slow and gradual climb from that low.

It was not until the middle of 2008 that factory job losses became severe. Manufacturers cut back production sharply. Bankruptcies and reorganizations took a further toll. The automobile industry, long a mainstay in Missouri, was particularly hard hit. With the closing of the two Chrysler plants in the St. Louis area, only two assembly plants were left in the state: a GM plant in the St. Louis area and a Ford plant in the Kansas City area. Many suppliers to the automobile plants were also hurt.

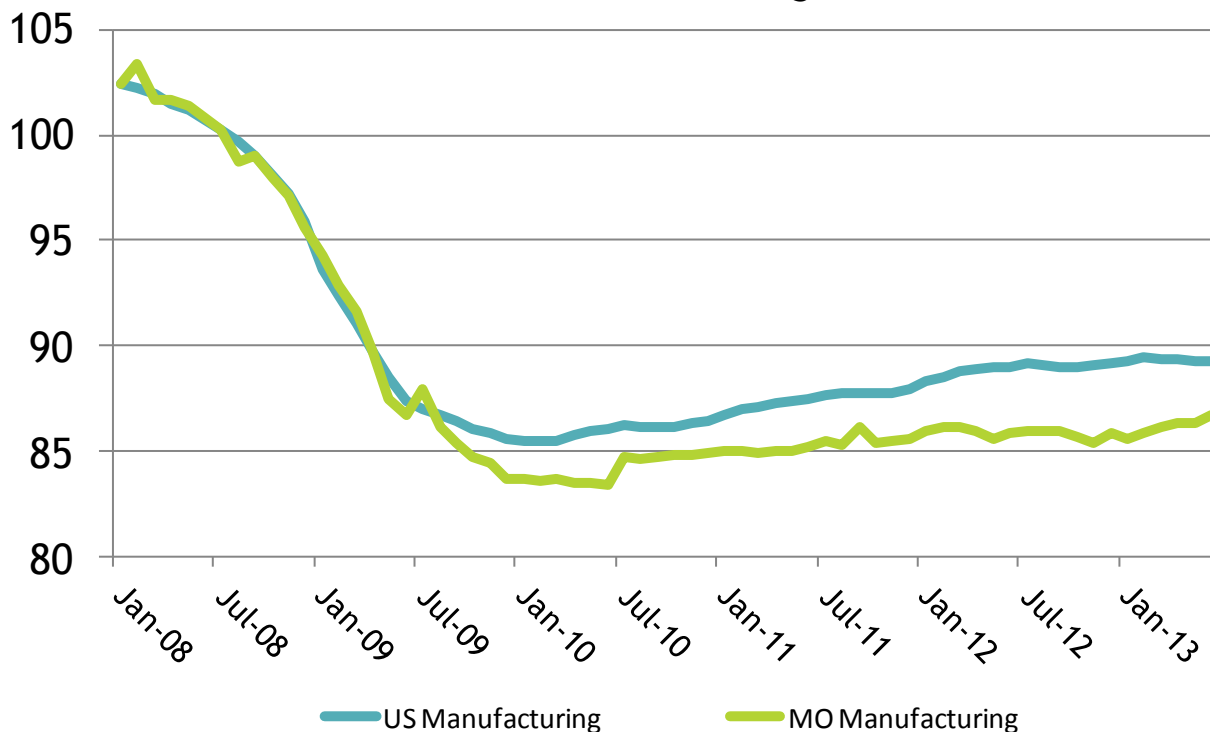
Since the lowest point of employment in June 2010, Missouri has added 9,500 manufacturing jobs. In the past year alone, Missouri has added over 3,000 manufacturing jobs. On average, employment in manufacturing has been growing around 1% annually.

Manufacturing employment in the U.S. saw its lowest figures in February 2010 and has, to date, added 515,000 jobs. U.S. employment in manufacturing has been growing slightly faster than Missouri at an average annual rate of 1.7%.

Although recovery from the recession is currently in progress for a number of manufacturing industries, others where permanent plant closings or other significant restructuring took place are not expected to show growth.

## U.S. and Missouri Manufacturing Employment

Index: 2008 Annual Average = 100





# Purchasing Managers' Index

Economists consider the Purchasing Managers' Index (PMI), which measures such factors as new orders, production, supplier delivery times, backlogs, inventories, prices, employment, import orders and exports, a key economic indicator. Typically, a score greater than 50 indicates an expansionary economy, while a score below 50 forecasts a sluggish economy for the next three to six months.

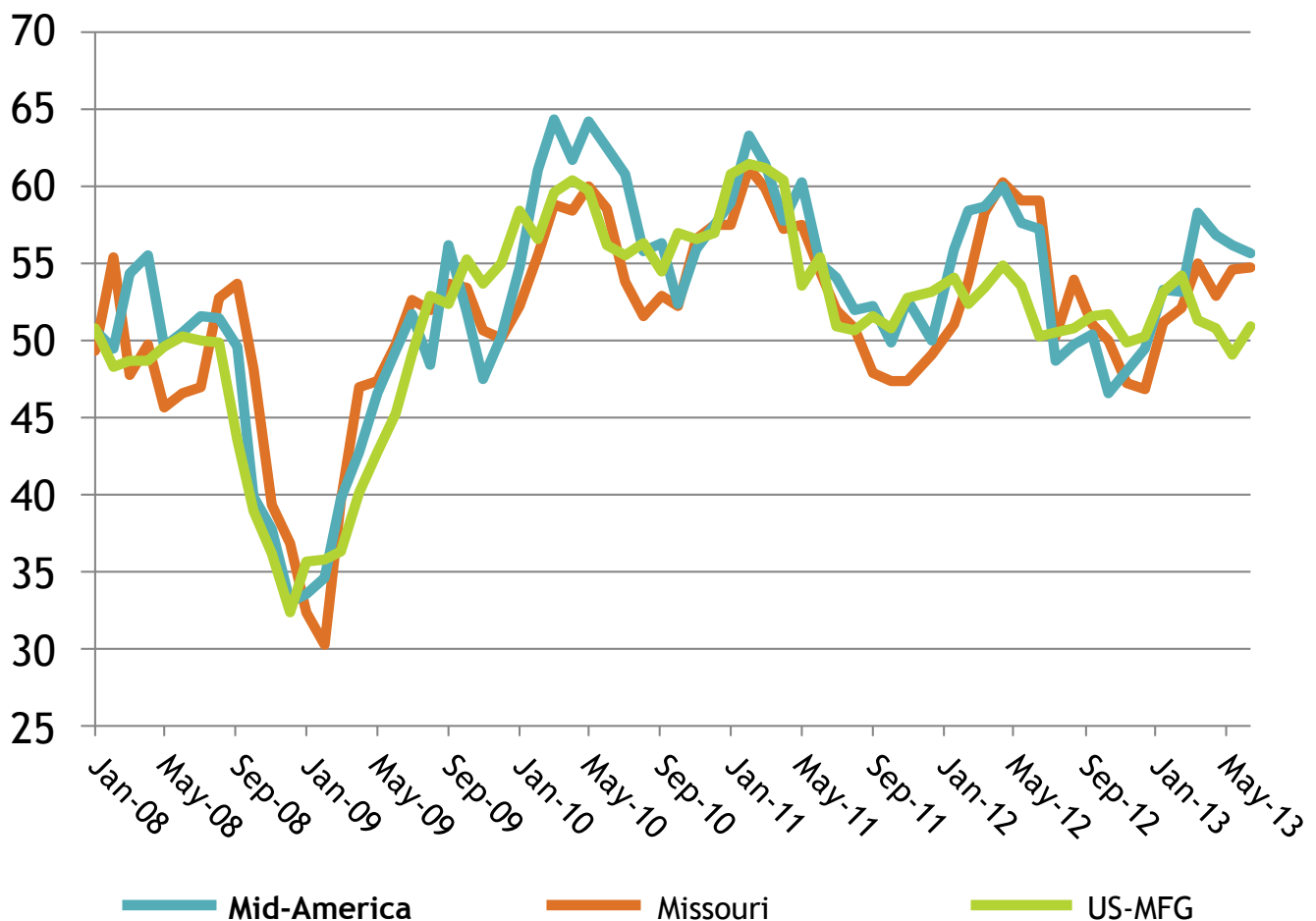
PMI has been fluctuating at the national, regional and state level over the last two years.

The national PMI for manufacturing industries increased by 1.9 points in June to 50.9, marking its first positive growth since January. This puts the National PMI above the neutral threshold of 50 for the fifth time in six months.

Missouri's PMI has been above the expansionary level for six consecutive months. The state's score increased by 0.1 points in June, according to the monthly Mid-American Business Conditions Survey, conducted by Creighton University, Omaha, NE. The state's PMI score increase to 54.7 from 54.6 in May, with the only component seeing an increase was production or sales (56.8).

Overall, the average for the Mid-America Region decreased in June to 55.6 from 56.2 in May.

**Purchasing Managers' Indices (Manufacturing)**  
Index score >50 indicates an expansionary economy





# Retail Trade and Taxable Sales

*Consumer spending accounts for two-thirds of the U.S. economy, and is likewise, essential to Missouri's economy.*

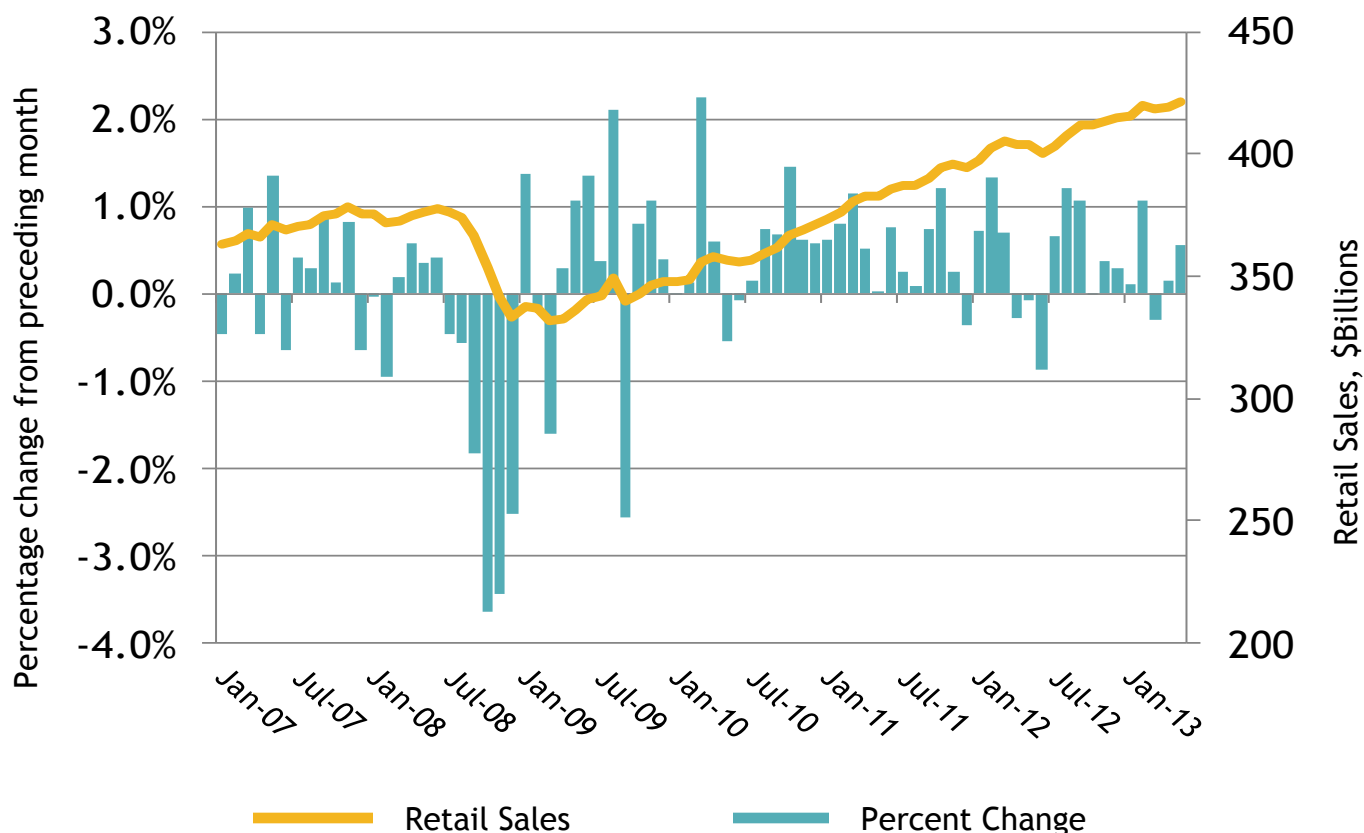
Consumer spending accounts for two-thirds of the U.S. economy, and is likewise, essential to Missouri's economy. Retail sales account for around one-half of consumer spending.

National retail sales data are prone to fluctuations, but provide an important view on changes in consumer spending. There have been considerable swings in retail trade since 2007, due to the recession, but retail sales have generally been increasing since the end of 2009. Retail sales from 2011 to current have trended upward, but there have been some one to three month stretches where spending was down, especially April - June 2012.

Consumer sentiment indices have shown some improvement in consumer confidence and expectations in regard to the economy, which is typically reflected in spending patterns. However, consumers are expected to remain cautious with spending, as the economic recovery will likely be slow.

## U.S. Retail Sales

Adjusted for seasonal variation, holiday, and trading-day differences



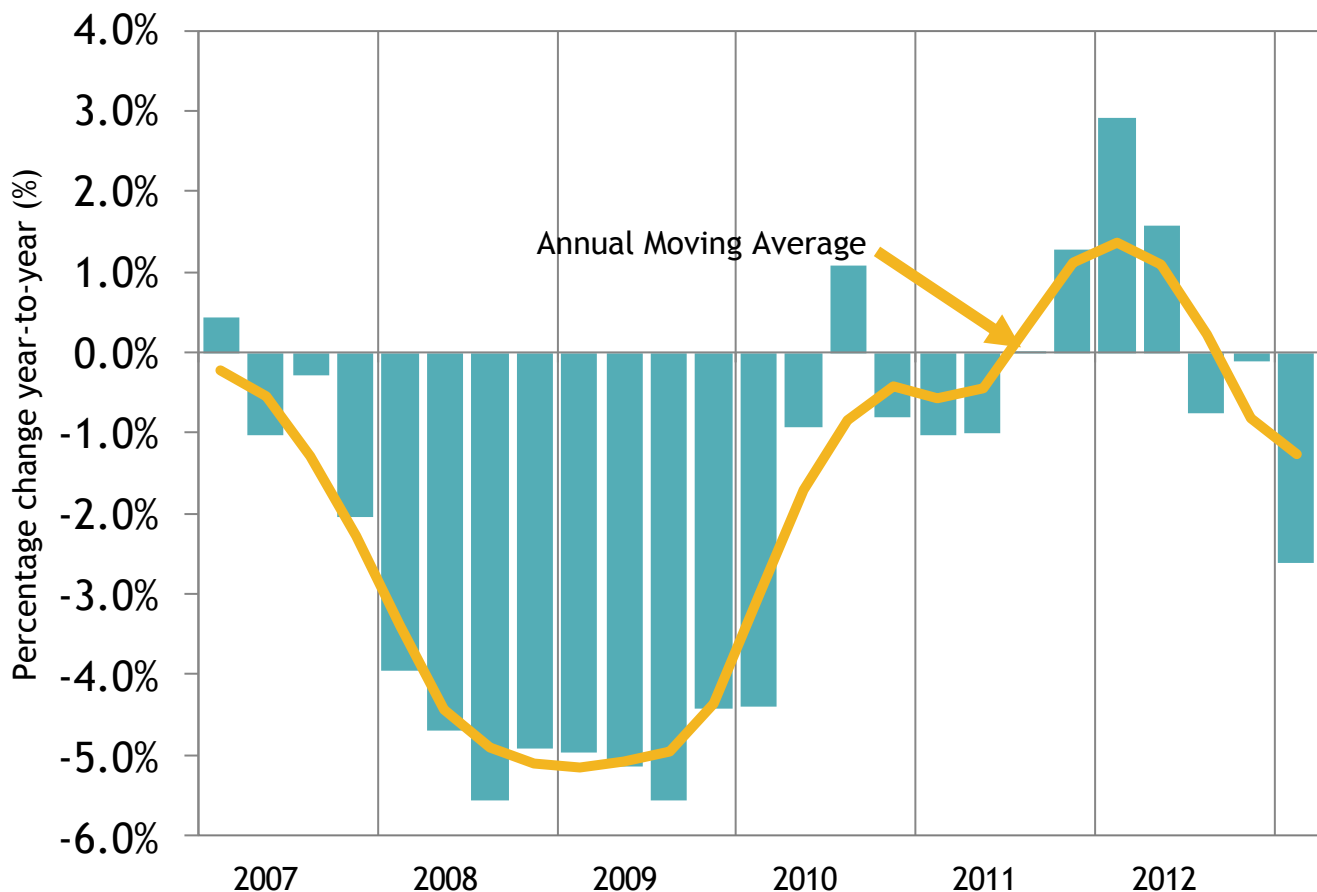
# Missouri Taxable Sales

Although no specific retail sales data are readily available for Missouri, total taxable sales as measured by the Missouri Department of Revenue (DOR) can serve as a proxy measure. Retail sales account for approximately 65 percent of taxable sales in Missouri, with an additional 10 percent from wholesale trade, 10 percent from service industries such as hotels and amusement parks, 10 percent from communications industries, and 5 percent from other industries.

The Missouri Department of Revenue has released preliminary taxable sales estimates for the 1st quarter of 2013. During that quarter, approximately \$17.9 billion in taxable sales occurred in the state, a decrease of 1.04 percent in actual dollars from the same quarter of 2012.

Analysis by MERIC shows that if seasonal and inflationary effects are removed from the data, real year-to-year changes in taxable sales during the 1st quarter of 2013 was -2.61 percent.

## Year-to-Year Quarterly Percentage Change in Taxable Sales Inflation and Seasonally Adjusted





# Missouri's Regional Economies

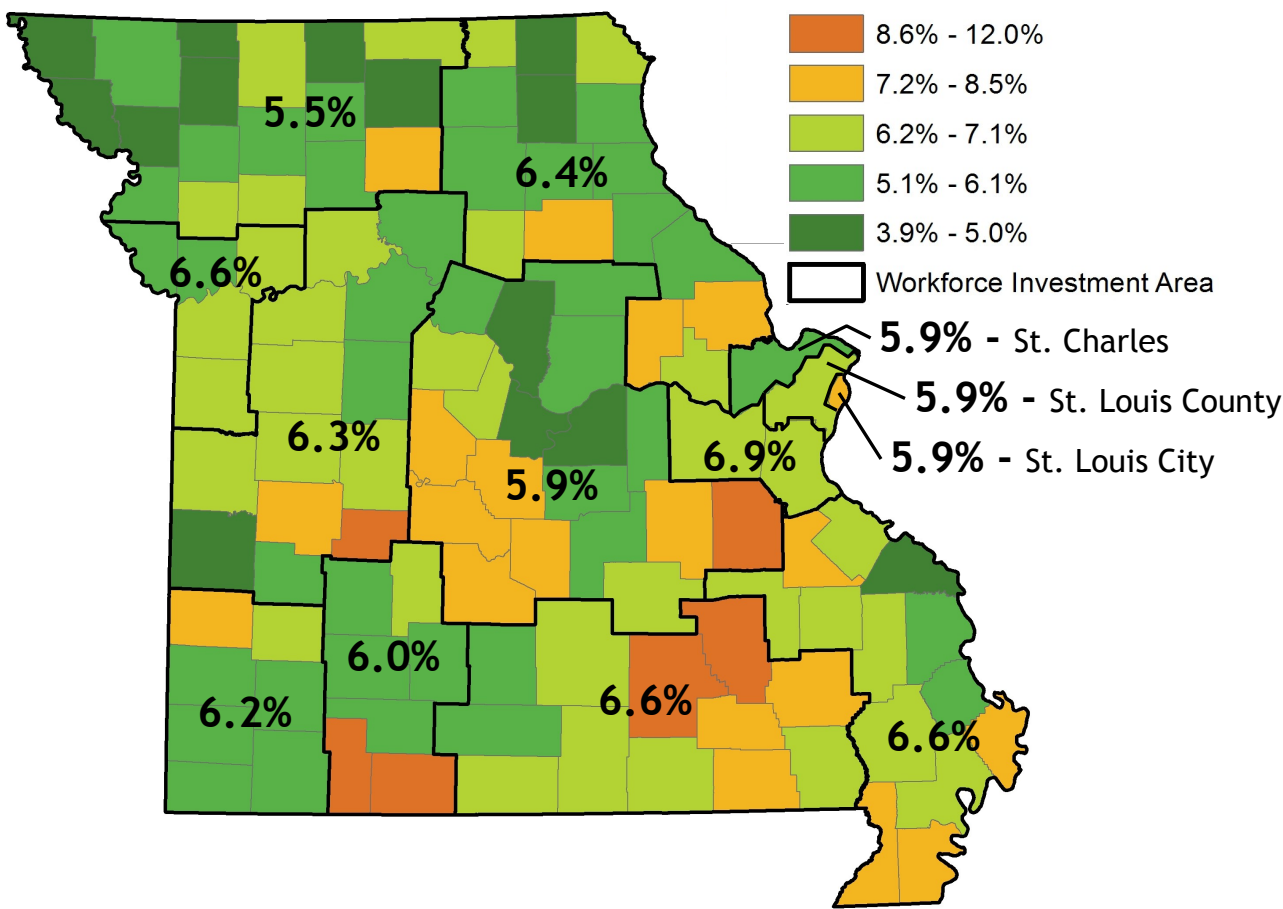
*Missouri's economy is complicated and diverse. The state itself is home to many smaller and distinct economies.*

Missouri can be divided into several multi-county regions, including Metropolitan Statistical Areas (MSAs) and Workforce Investment Areas (WIAs). It is useful to analyze these regional economies to determine the different strengths and advantages each bring to the state.

Missouri's metropolitan areas make up the largest portions of the state's economy. St. Louis County and Jackson County alone combine for nearly one-third of the state's economy in terms of employment, personal income and population. Regardless of their size, all of the regions have a role in the state's economic make-up. For example, some of Missouri's rural areas are especially important to tourism and agriculture in the state.

Regions of the state have rebounded differently from the recession. Unemployment rate data for April 2013 show pockets of higher and lower unemployment rates spread throughout the state.

**Workforce Investment Area Unemployment Rates - April 2013**  
Not Seasonally Adjusted

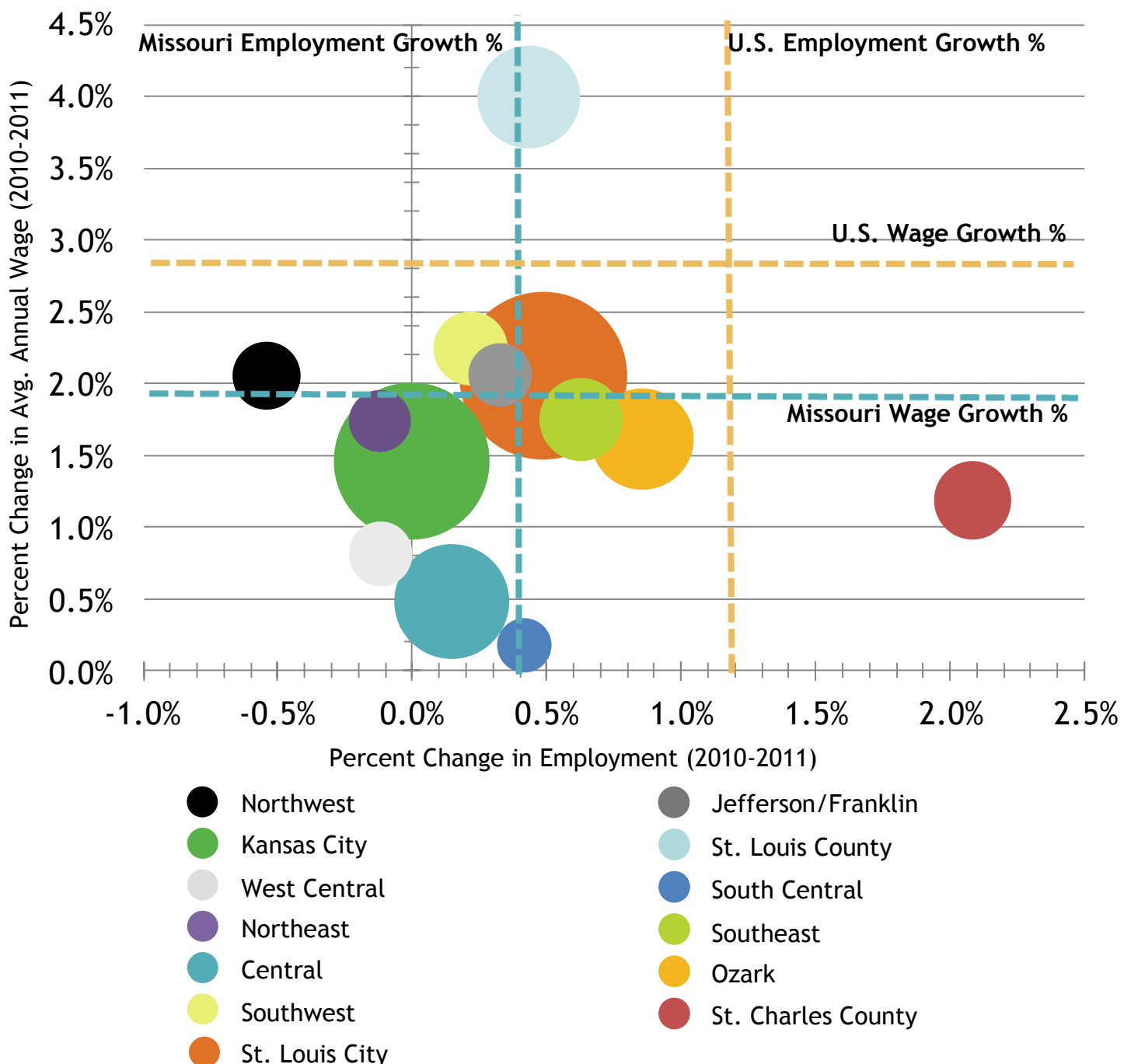


# Regional Employment and Wages

Employment data from 2010 through 2011 show that while all regions had wage over the year, the magnitude of increases varies. For example, St. Louis County had the largest wage growth in the state over the year at 4%, while South Central had the smallest wage growth at 0.2%. Most regions had employment growth over the year, although three regions had declines in employment. West Central and Northeast regions had 0.1% employment decreases, and Northwest region had the largest employment decrease at 0.5% over the year. On average, wages and employment growth in both Missouri and the U.S. were positive from 2010 to 2011. Wage and employment growth in the U.S. outpaced most regions in the state.

## Comparative Performance of Workforce Investment Areas in Missouri

Sphere size indicates relative employment levels

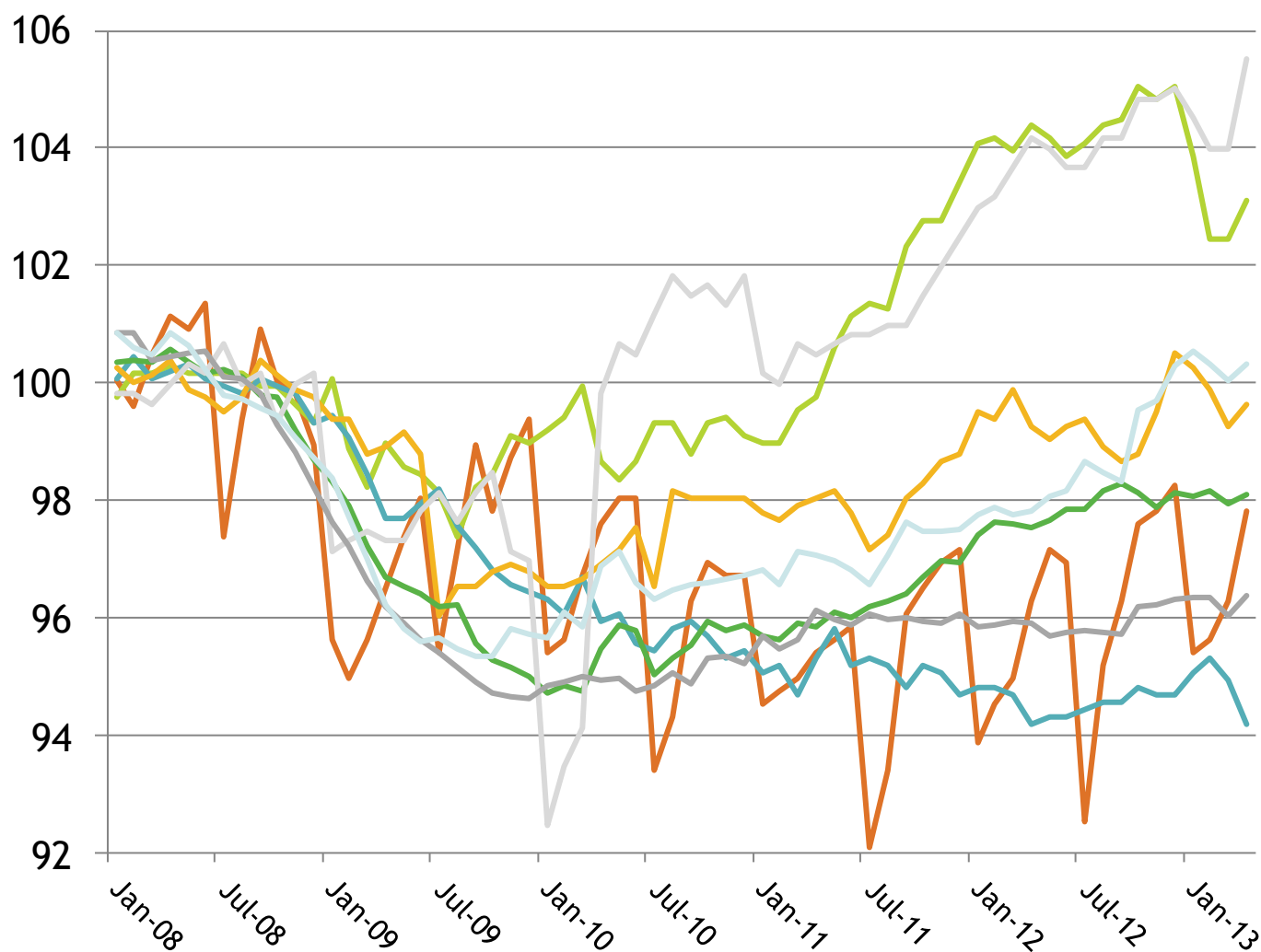


# Metropolitan Employment Trends

Nonfarm payroll employment data for the state's MSAs provides a more current view of employment trends during the economic recovery the past few years. Improvements in employment are spread across the state's metropolitan areas, except Jefferson City where a third of employment is in the declining sector of government. The St. Joseph MO-KS metropolitan area has had the most rapid growth.

## Missouri MSA Payroll Employment Trend

Index: 2008 Annual Average = 100



*\*Data for the Cape Girardeau is not seasonally adjusted*

St. Joseph, MO-KS  
Columbia  
Springfield  
Joplin



Kansas City, MO-KS  
Cape Girardeau, MO-IL  
St. Louis, MO-IL  
Jefferson City



# New Business Formations by WIA Region

New businesses bring industry diversity and job growth to a region and are a major engine for economic growth. While a majority of new businesses do fail, those that succeed are valuable to the state's economy. Identifying the types of new business and the regional variations of start-ups gives insight into the new business tendencies in the state.

The Missouri Economic Research and Information Center (MERIC) measures new business formations in the state by tracking newly established unemployment insurance accounts. These accounts represent newly registered non-farm businesses that have one or more employees. MERIC uses this information to gauge the number of new employing businesses by industry, county, and region.

*Private household* (NAICS 814) employers account for more than one out of every four business formations in Missouri and covers household services such as caretaking and cooking. *Food Services and Drinking Places* (NAICS 722) account for 6 percent of all business formations and is in the top three of all but a few of the regional start-up lists. Traditionally private households and restaurants form the most businesses in Missouri, regardless of the area. While important, the sectors were excluded from the overview to highlight other industries that are often less known.

## Top Regional Industries - St. Louis/Kansas City

The *Professional, Scientific, and Technical Services* industry was responsible for most of the formations in the Kansas City, St. Charles County, St. Louis City, and St. Louis County regions. These are businesses highly dependent on technical skills. Examples include law firms, accounting firms, architectural and engineering firms, and business consulting. The two thirds of these formations were in *Offices of Lawyers, Computer Systems Design Services, and Management, Scientific, and Technical Consulting Services*. For each of these regions, this industry accounted for 12 percent of the business formations<sup>1</sup>.

Administrative and Support Services accounted for the next highest number of startups in these four regions. These establishments are engaged in activities that support the day-to-day operations of other organizations such as cleaning services, general management, and personnel administration. The percent of formations ranged from 11 percent in the St. Louis City region to 13 percent in the St. Charles County region<sup>1</sup>. *Landscaping and Janitorial Services* were the two industries that accounted for most of these formations.

Construction-related activities rounded out the top three for these areas. These industries include *Specialty Trade Contractors* and *Construction of Buildings*, and were responsible for over 12 percent of the startups in each region<sup>1</sup>. Along with building construction, these establishments perform specific activities (e.g., pouring concrete, site preparation, plumbing, painting, and electrical work) involved in building construction.

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<sup>1</sup> Percentages do not include formations in *Private Households* or *Food Services and Drinking Places*.



# New Business Formations by WIA Region, con't.

## Top Regional Industries - Rural

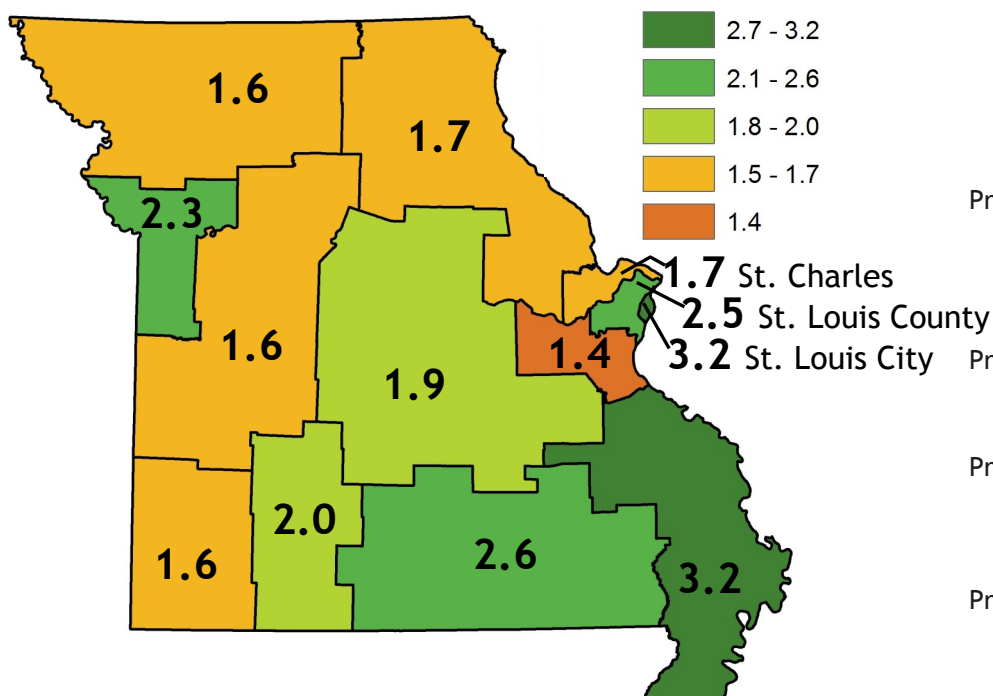
In all but one of the primarily rural regions, construction-related activities were responsible for the highest percentage of formations. The only area where this didn't lead was in the Ozark region, where *Professional, Scientific, and Technical Services* accounted for the majority of formations, followed closely by construction-related activities.

*Professional, Scientific, and Technical Services* played a significant role in formations for these regions also, landing in the top three for all but two of the regions. As in the urban regions, many formations were in *Offices of Lawyers*.

*Administrative and Support Services* was responsible for a large amount of formations in six regions, primarily around urban areas. *Landscaping* and *Janitorial Services* were the two industries that accounted for most of these formations.

Total business formation tends to be highest in urban areas that have high population density. The map below shows new business starts per 1,000 people for each WIA Region in Missouri. This map is useful because it allows business growth to be standardized by population, making it possible to identify rural regions with high business growth.

**New Business Formations in Missouri  
WIA Regions Per 1,000 Population, 2009**



## Top 3 Industries by Region

**Central Region**  
Construction Activities  
Professional, Scientific, and Technical Services  
Administrative and Support Services

**Jefferson/Franklin Region**  
Construction Activities  
Administrative and Support Services  
Repair and Maintenance

**Northeast Region**  
Construction Activities  
Professional, Scientific, and Technical Services  
Administrative and Support Services

**Northwest Region**  
Construction Activities  
Administrative and Support Services  
Professional, Scientific, and Technical Services

**Ozark Region**  
Professional, Scientific, and Technical Services  
Construction Activities  
Administrative and Support Services

**South Central Region**  
Construction Activities  
Truck Transportation  
Professional, Scientific, and Technical Services

**Southeast Region**  
Construction Activities  
Health Care  
Truck Transportation

**Southwest Region**  
Construction Activities  
Professional, Scientific, and Technical Services  
Administrative and Support Services

**West Central Region**  
Construction Activities  
Administrative and Support Services  
Truck Transportation

**Kansas City Region**  
Professional, Scientific, and Technical Services  
Administrative and Support Services  
Construction Activities

**St. Charles County Region**  
Construction Activities  
Professional, Scientific, and Technical Services  
Administrative and Support Services

**St. Louis City Region**  
Professional, Scientific, and Technical Services  
Administrative and Support Services  
Construction Activities

**St. Louis County Region**  
Professional, Scientific, and Technical Services  
Administrative and Support Services  
Construction Activities





# Data Sources

## **Gross Domestic Product (pages 2 and 3)**

Real Gross Domestic Product and Quarterly Change - U.S. Bureau of Economic Analysis  
Industry Share of Missouri's Economy - U.S. Bureau of Economic Analysis

## **Unemployment Rate (page 4)**

U.S. and Missouri Unemployment Rate - MERIC in cooperation with the U.S. Bureau of Labor Statistics

## **Employment (pages 5 through 8)**

U.S. and Missouri Payroll Employment - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Missouri Employment Change by Sector - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Missouri Employment Trend in Largest Employing Sectors - U.S. Bureau of Labor Statistics

## **Personal Income (page 9)**

Real Personal Income - U.S. Bureau of Economic Analysis

## **Manufacturing and Industrial Vitality (pages 10 through 12)**

Industrial Production - Federal Reserve Board

U.S. and Missouri Manufacturing Employment - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Purchasing Managers' Indices (Manufacturing) - Institute for Supply Management and Creighton University

## **Retail Trade and Taxable Sales (pages 13 and 14)**

U.S. Retail Sales - U.S. Census Bureau

Year-to-Year Percentage Change in Taxable Sales - Missouri Department of Revenue

## **Missouri's Regional Economies (pages 15 through 19)**

Workforce Investment Area Unemployment Rates - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Comparative Performance of Economic Areas in Missouri - MERIC in cooperation with the U.S. Bureau of Labor Statistics

New Business Formations in Missouri WIA Regions - MERIC in cooperation with the U.S. Bureau of Labor Statistics

# 2013

This report was prepared by the staff of the Missouri Economic Research and Information Center (MERIC). All data in this report was current at the time of publication and is subject to revision.

## *About the Missouri Economic Research and Information Center*

The Missouri Economic Research and Information Center (MERIC) provides comprehensive analysis of Missouri's socioeconomic environment at the local, regional and state levels. To achieve this, MERIC employs a wide array of tools, which include econometric models, geographic information systems and advanced statistical methods. On-going projects at MERIC include targeted development, economic and social impact assessments, industry and occupational analyses, career seeker products and information on Missouri's demographic and economic trends.

Coupled with its analysis capability, MERIC maintains a comprehensive labor market database produced in cooperation with the U.S. Department of Labor. Data on employment/unemployment, wages, layoffs, labor availability and a variety of other information designed to help understand the state's labor market conditions are regularly reported.

Ultimately, MERIC's mission is to provide accurate, relevant and timely information to decision makers and the public in order to facilitate a better understanding of Missouri's socioeconomic environment. For more information, visit the MERIC website at [www.MissouriEconomy.org](http://www.MissouriEconomy.org).



Department of Economic Development